

**Verizon New England Inc.  
d/b/a Verizon Massachusetts**

**Commonwealth of Massachusetts**

**D.T.E. 01-31 Phase II (Track A)**

**Respondent:** Paula L. Brown

**Title:** Vice President - Regulatory

**REQUEST:** Department of Telecommunications and Energy, Set 2

**DATED:** August 29, 2002

**ITEM:** DTE-VZ 2-1 See June 5, 2002 Compliance Filing at 5: Verizon proposes to offset the revenue reduction of \$15,925 resulting from the conversion of collocation arrangements provided out of D.T.E. Tariff 10 offerings to D.T.E. Tariff 17 “by an increase in the Residential Dial Tone Line consistent with the revenue neutral approach adopted by the Department for other reductions in wholesale rates.” In the Phase I Order at 103, the Department has stated that it is “persuaded that switched access rates should be reduced to interstate levels, and special access rates should be reduced to UNE-based levels, with the revenue shortfall recovered from fixed charges for residential dial tone lines.” Please explain why the revenue reduction from the conversion of D.T.E. Tariff 10 collocation offerings to D.T.E. Tariff 17 should be offset by an increase in Residential Dial Tone Line rates in the same manner as the revenue shortfall from reductions in switched and special access rates.

**REPLY:** In its’ order in Phase I of the proceeding the Department found that collocation, PAL and PASL services were primarily intended for purchase by other carriers as wholesale services rather than by end users as retail services. The Department directed Verizon MA to include in its Phase II filing a proposal for pricing those wholesale services in a UNE-based manner.

As a matter of consistency, Verizon MA’s proposal includes a treatment of the revenue effect of the re-pricing of those primarily wholesale services in the same manner the Department directed for the re-pricing effect of wholesale switched access services. The impacts were included in the calculation of the offset increase in the Dial Tone Line rate.

**REPLY:** DTE-VZ 2-1    Elimination of the Collocation re-pricing from the Dial Tone Line rate  
(cont'd)                    offset calculation will have a negligible effect. Elimination of the  
                                 Collocation, PAL and PASL re-pricing from the Dial Tone Line offset  
                                 calculation will increase the offset from \$1.97 to \$1.98.

VZ # 239

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**ITEM:** DTE-VZ 2-2 Please specify every service that Verizon contends is subject to the price floor rules in the Phase I Order, and every service that Verizon contends is subject to the price floor rules from D.P.U. 94-185.

**REPLY:** All of the retail services listed in Tab A of the Compliance filing are subject to the price floor rules established in D.P.U. 94-185. For example, all toll services are subject to the price floor rules defined in D.P.U. 94-185 and all regulated retail services must be available for resale.

In the *Phase I Order*, the Department determined that certain business services are contestable on a UNE basis and that these services are permitted pricing flexibility and are subject to the enhanced price floor rules. The business services to which the enhanced rules apply are listed in the attachment to this response. The enhanced price floor rules do not eliminate the D.P.U. 94-185 rules, but are in addition to the previous requirements.